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ABSTRACT

This publication highlights key messages and themes of a conference to discuss critical questions, challenges, and opportunities facing California's welfare and workforce development systems. It is intended as a resource manual that presents the most up-to-date thinking on how policies and services can be designed to better meet the needs of California's working poor. Information on conference day 1 provides an overview of national trends in welfare and workforce development and discusses the current situation in California. Statements, presentations, addresses, and plenary panel explore factors that impact how national and state systems will serve the working poor and hard-to-place clients and the implications of the increased prevalence of the hard-to-place among the Temporary Assistance for Needy Families program in California--CalWORKs recipients. Information on day 2 provides overviews of presentations on the latest research on proven, effective strategies for serving low-income families and new approaches to explore and test. Nine panels consider strategies that speak to a variety of goals, increasing job retention and career advancement among the working poor, improving the financial standing of low-income families, and helping the hard-to-place move into the workforce. They also discuss how programs affect employment and earnings and broader impacts on family well-being. Information on day 3 provides overviews of four panels and plenary panel on the following: (1) the role of institutional relationships in providing a more comprehensive, more accessible set of services to low-income families and fostering a more effective use of funds and resources; (2) challenges to integrating the welfare and workforce development systems; (3) role of specific institutions--community colleges and Workforce Investment Act One-Stops--in serving the working poor; and (4) how community-focused initiatives create networks and relationships that support employment and self-sufficiency. (YLB)

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BEYOND WELFARE AND WORK FIRST:

BUILDING SERVICES AND SYSTEMS TO SUPPORT CALIFORNIA'S WORKING POOR AND HARD-TO-PLACE

CONFERENCE HIGHLIGHTS

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PREFACE

There is currently a unique opportunity and a great urgency for welfare and workforce development systems to work together in meeting the needs of low-income families. Welfare caseloads nationwide have declined steeply since the enactment of federal welfare reform legislation in 1996, yet many of the families leaving welfare remain in poverty because of low-wage jobs, sporadic employment, and lack of career advancement. In addition, welfare agencies are working with an increasing number of individuals with serious barriers to employment — the hard-to-place. At the same time, implementation of the Workforce Investment Act (WIA) of 1998 is expanding the role of state and local workforce development agencies in promoting career advancement among low-income workers and in helping the hardest-to-employ to find and keep work.

In January 2001, with the support and encouragement of four foundations that have had a long-standing interest in addressing the needs of low-income individuals and families, MDRC convened a three-day conference, "Beyond Welfare and Work First: Building Services and Systems to Support California's Working Poor and Hard-to-Place." Similar to a conference that MDRC held in February 1997, shortly after the passage of federal welfare reform legislation, this conference provided an opportunity both to discuss a new body of research on strategies for serving low-income families and to consider the implications for California's welfare and workforce development systems. Since its establishment in the 1970s, MDRC has become increasingly involved in helping California develop knowledge-based approaches for improving the well-being of low-income families. This conference exemplifies one key facet of that effort: strengthening the link between new policies and the most up-to-date research concerning strategies for promoting employment and self-sufficiency.

This publication captures the central themes and key messages from the "Beyond Welfare and Work First" conference, which featured 60 presenters and was attended by more than 150 state and local officials from across California. MDRC is grateful for the cosponsorship, input, and guidance provided by the California Health and Human Services Agency; the Health and Human Services Committee, State Senate; the Human Services Committee, State Assembly; the Legislative Analyst's Office; the California Department of Social Services; the Employment Development Department; the California Department of Education; the California Welfare Directors Association; and the California Workforce Association. In particular, we would like to acknowledge the wise advice of Cynthia Bryant, Staff Director, Senate Republican Policy Office; Earl Johnson, Associate Secretary for Planning and Evaluation, California Health and Human Services Agency; Sara McCarthy, Consultant, Health and Human Services Committee, State Senate; and Sherry Novick, Chief Consultant, Human Services Committee, State Assembly.

We also want to thank our funding partners — Kim Belshé at The James Irvine Foundation, Yvonne Carrasco at The David and Lucile Packard Foundation, Chet Hewitt, formerly at The Rockefeller Foundation, and Ruth Brousseau at The California Wellness Foundation — for their many suggestions and generous support.

Finally, we want to thank the many individuals whose hard work went into making the conference a notable success. These include consultant Mark Sondag and MDRC staff Michele Beleu, Suaye Banigo, Jennifer Miranda, Judy Greissman, Maggie Meadows, Kyana Paskel, Heatherly Stankey, Laraine Watson, Cate Taylor, Jacquie Anderson, Jennifer Miller, and David Navarro.

Judith M. Gueron, *President*
John Wallace, *Vice President*

Introduction

In January 2001, Manpower Demonstration Research Corporation (MDRC) convened a three-day conference in Sacramento entitled "Beyond Welfare and Work First: Building Services and Systems to Support California's Working Poor and Hard-to-Place." The conference brought together state legislators, key state and local officials, executive staff, service providers, and advocates in order to discuss some of the critical questions, challenges, and opportunities currently facing California's welfare and workforce development systems.

The Temporary Assistance for Needy Families (TANF) program in California — CalWORKs — has experienced a significant decline in the caseload since its inception, the result of both a strong state economy and the success of CalWORKs at moving participants into employment. Many of the families exiting CalWORKs, however, remain in poverty owing to low-wage jobs, sporadic employment, and limited opportunities for career advancement. At the same time, an increasing proportion of heads of CalWORKs households are *already* working but do not earn enough to move their families off welfare.

In light of these trends, CalWORKs has intensified its focus on job retention and advancement as well as on helping families take advantage of income supports and financial incentives that help sustain employment and increase family income. The TANF system is thus increasingly becoming a work support system. Simultaneously, the workforce development system is changing considerably with implementation of the Workforce Investment Act (WIA) of 1998, which created a system of One-Stop career centers. At their best, these centers offer comprehensive employment services and supports, including welfare-to-work services targeted to hard-to-place welfare recipients. As the populations served by the welfare and workforce development systems converge, the two systems must develop integrated strategies for promoting employment, retention, and career advancement among the state's low-income workers and those who face significant barriers to employment.

New research by MDRC and other organizations provides important insights into how different approaches affect low-income families' employment, income, self-sufficiency, and general well-being. "Beyond Welfare and Work First" provided an opportunity for policymakers and practitioners to learn about these findings and discuss their implications for public policy and program design. Conference attendees also heard from policymakers and service providers — from California and elsewhere — who presented information on promising practices that merit additional attention and may serve as models for replication.

This publication highlights the key messages and themes of the "Beyond Welfare and Work First" conference. More than just a summary of the three-day proceedings, it is intended as a resource manual that presents the most up-to-date thinking on how policies and services can be designed to better meet the needs of California's working poor.

ORGANIZATION OF THE CONFERENCE

DAY ONE

WELCOME AND OPENING STATEMENTS

An overview of national trends in welfare and workforce development and a discussion of the current situation in California.

DAY TWO

NEW RESEARCH FINDINGS AND PROMISING PRACTICES

Presentations on what the latest research tells us about proven, effective strategies for serving low-income families and on new approaches worthy of further exploration and testing.

DAY THREE

NEW INSTITUTIONAL ROLES AND RELATIONSHIPS

Presentations on the role of institutions — Workforce Investment Boards, community colleges, and others — in serving low-income families.

WHAT LIES AHEAD

A closing plenary panel to explore how California might move forward in its welfare and workforce development policies.

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DAY ONE

WELCOME AND OPENING STATEMENTS

Judith Gueron, President, MDRC

This gathering is especially timely, given the change of administration in Washington, the new workforce development system being created by implementation of WIA, and the upcoming reauthorization of TANF in 2002. Consistent with MDRC's mission of promoting evidence-based social policy, this conference focuses on what is known — as well as what is not known — about strategies for helping low-income families move toward self-sufficiency.

Honorable Deborah Ortiz, Senator and Chair, Health and Human Services Committee, California State Senate

There are several key issues state policymakers must address with regard to welfare and the working poor. Among these are the following:

- Providing services geared toward individuals with multiple barriers to work, including dual-diagnosis (mental illness/substance abuse) populations
- Helping workers sustain jobs that provide a livable wage
- Increasing educational opportunities for all Californians. This was the goal of the scholarship bill I authored, which expands the need-based financial aid available to college-bound high school graduates and those entering or returning to college later in life.
- Increasing the number of families receiving benefits through Medi-Cal and the Healthy Families program

> "The needs of low-income working families currently are of significant interest among both parties in the state legislature."
>
> — *California State Senator* ***Deborah Ortiz***

Rita Saenz, Director, California Department of Social Services

The CalWORKs rolls have declined dramatically, from 900,000 to 538,000 cases, since the program's inception. Over 163,000 families have left welfare for work annually and have stayed off aid for at least 12 months. Another 160,000 families have found jobs each year but did not leave aid. We must, however, mark our success by the number of people who find good jobs that lead to self-sufficiency and a livable wage.

One major issue facing CalWORKs is how best to help families who have serious problems so that they can achieve self-sufficiency. This includes people with mental health and substance abuse issues as well as those with limited English skills. Finally, as we get closer to our state 60-month time limit, we must learn as much as we can about the effects of time limits, especially on children.

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Michael Bernick, Director, Employment Development Department, State of California

TANF has shown great progress in placing people in employment but limited success in helping people leave poverty. Some of central questions that the Employment Development Department (EDD) must now address include:

- What types of skills upgrading make sense in moving low-wage workers into higher-paying jobs?
- Are there approaches other than work first and human capital development that can be used to increase mobility among workers? For instance, is it possible to change the structure of low-wage jobs to create greater upward mobility?
- How can EDD work more closely with labor market intermediaries such as unions and industry associations?

CONTEXT

In order to establish a common framework for the three-day conference, Day One focused on the current state of the welfare and workforce development systems, both nationally and — to a greater extent — in California. Presentations during the first day examined various factors that will impact how these two systems will serve the working poor and the hard-to-place. Some of the questions that Day One sessions explored included: What economic, demographic, and labor market trends should inform how the welfare and workforce development systems operate? What is known about California's welfare population and working poor? What are implications of the increased prevalence of the hard-to-place among CalWORKs recipients? How does the challenge of serving the working poor relate to California's broader workforce development efforts?

OVERVIEW: "The Challenges Confronting the Welfare and Workforce Development Systems in Serving the Working Poor and Hard-to-Place"

Gordon Berlin, Senior Vice President, MDRC

We are in a moment of great change, as can be seen by looking at five major developments:

1. ECONOMIC TRENDS. The economy has experienced rapid growth; unemployment is down, and labor market participation is high. However, economic inequality is at or near all-time highs, and most future job growth will be at the highest and lowest ends of the labor market. Poverty remains a persistent problem for some. Challenges to the workforce development system include:
   - Decline of blue-collar jobs
   - Growth of service sector jobs
   - Rise in technical and managerial jobs
   - Emergence of new labor market insecurity (temporary work, fewer "lifetime" employers)

2. SHIFTING WORKFORCE DEMOGRAPHICS. About 40 percent of labor force growth nationwide is accounted for by immigrants, and in some areas even more.

3. SYSTEM CHANGES. Current workforce and income support policies give states and localities unprecedented flexibility in program design and delivery. In addition, the workforce development system, which prior to TANF and WIA was almost exclusively concerned with job placement, is now increasingly focused on helping people obtain higher earnings.

4. A NEW FISCAL PICTURE. With federal- and state-level budget surpluses, policymakers face the question of what should be done with these funds. (At the same time, however, the workforce development system is extremely underfunded.)

5. AN EXPANDED KNOWLEDGE BASE. New research suggests which strategies help increase income, improve job retention, etc. However, this new knowledge forces us to choose among potentially competing goals. For instance, do we want to promote self-sufficiency or increase the use of income

supports? Do we want to contain costs or help children? Is the goal to maximize impacts on employment or on stable employment?

Responding to these changes requires the welfare and workforce development systems to work together in new ways and to address questions with which they have limited prior experience: What approach should be used to promote retention and advancement — human capital investment or work first? What strategies will work for those with multiple barriers to employment? Which agency will be accountable for rationalizing the extensive — but patchwork — system of supports for the working poor, from Earned Income Tax Credits (EITCs) to Food Stamps?

> "Ultimately, we have to decide who is accountable for the working poor and the hard-to-place, since there presently is no system assigned to these populations per se."
>
> — *Gordon Berlin, MDRC*

Plenary Panel: The California Context

What are some of the specific challenges that face California in meeting the needs of low-income families? Moderated by Judith Gueron, President of MDRC, this panel discussed how welfare and workforce development policy might better account for characteristics of low-income families (including those on the TANF caseload) and trends in the state's labor market.

"The Working Poor in California"

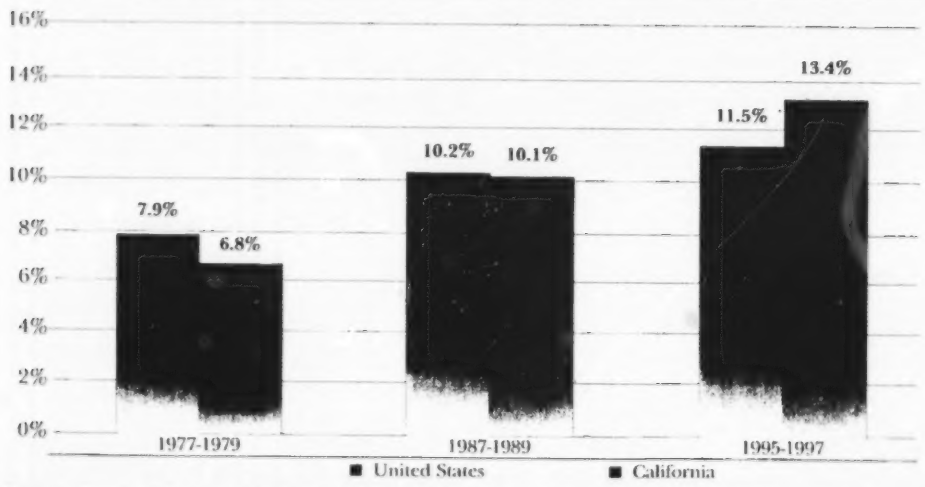
Jean Ross, Executive Director, California Budget Project

The percentage of working families below the federal poverty line in California has doubled in the past two decades. [See Figure 1.] Several factors contribute to this trend: a labor market that is creating many low-wage jobs, lack of upward mobility among the working poor, and a decline in inflation-adjusted wages for workers lacking a college degree.

There are significant demographic differences between the working poor and the welfare poor. At the same time, these groups show similar levels of educational attainment in comparison with the state's workforce overall: both the working poor and the welfare poor are more than three times as likely to lack a high school diploma.

FIGURE 1

Poverty Rates Among Working Families with Children



SOURCE: Center on Budget and Policy Priorities, *The Poverty Despite Work Handbook*, April 1999.

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Policy implications that follow from what is known about the working poor include the following:

- The needs of California's working poor will not be met by job growth or workforce development policies alone. Workforce development policies must be combined with the expansion of income supports such as the Earned Income Tax Credit (EITC) and child and health care subsidies.
- Income eligibility levels for work support programs should be increased, as families tend to income off these programs before reaching self-sufficiency — particularly in light of California's high cost of living.
- Since having a college degree is closely linked to job market mobility, welfare policies should be changed so as not to discourage postsecondary education.

"The Hard-to-Place on California's TANF Caseload"

Sandra Naylor Goodwin, Executive Director, California Institute for Mental Health

With California's shrinking TANF rolls, the hard-to-place are now a larger proportion of the caseload. The California Institute for Mental Health, Children and Family Futures, and the Family Violence Prevention Fund have collaborated on research into how issues pertaining to alcohol and other drugs (AOD), mental health, and domestic violence affect welfare recipients in two counties.

- The study found high rates of domestic violence involving TANF recipients. Twenty-two percent of respondents in Kern County and 30 percent in Stanislaus County reported that domestic violence within the last 12 months had resulted in physical injury, posttraumatic stress disorder, or interference in a work-related activity.
- A majority of female heads of TANF households face at least one AOD, mental health, or domestic violence issue, and a significant minority must cope with two or more of these barriers. In addition, these barriers occur in conjunction with other human resource, situational, and health barriers.
- These findings pose two key challenges to the TANF system: (1) effectively identifying and serving participants with AOD, mental health, or domestic violence issues; and (2) integrating services to effectively address multiple barriers. In addition, a work-first approach is most likely inappropriate for individuals facing these multiple barriers.

"The Low-Wage Labor Market and Upward Job Mobility in California"

Stephen Levy, Director, Center for the Continuing Study of the California Economy

We need to realize the close linkage between the challenges facing California's working poor and those facing working Californians in general. For 30 years, the state's employment system has emphasized job placement. But what is needed now is a "move-up" system that provides employed workers with career advancement and skills upgrading. The challenge is that the WIA system is underfunded, even while it now needs to focus on employment *and* on the needs of the economy.

There is an ethical and technical connection between serving the poor and providing career advancement and skills upgrades for people in the middle levels of California's workforce. Moving up those in the middle both creates vacancies (which can be occupied by workers currently at the bottom of the ladder) and helps meet the economy's labor force needs. One key to a successful move-up system is that institutions strive to meet clearly identifiable needs of the workforce. Community colleges, for example, should work with employers to provide industry-specific training.

KEYNOTE ADDRESS:

"Beyond Welfare and Work First: Building Systems to Achieve World-Class Communities"

Grantland Johnson, Secretary, California Health and Human Services Agency

There are two important ways in which California is at a crossroads. First, while the welfare caseload has decreased by more than 40 percent since 1995, the economic situation of most families has not improved since these families left cash assistance. Second, California's economic growth, which has contributed to the reduction in the CalWORKs caseload, may be slowing.

The California Health and Human Services Agency (CHHSA) has made progress in providing support to low-income families. In the area of health coverage, for instance, CHHSA has expanded outreach to enroll former CalWORKs recipients in Medi-Cal or in Healthy Families. In December 2000, California requested a federal waiver that would allow the state to extend Healthy Families coverage to adult members of low-income families.

As CHHSA moves forward, it is no longer sufficient to focus on making changes to current programs. Rather, the agency must think more broadly and collaboratively in meeting the challenges that face the state. For example, I am participating in a multiagency task force to develop a School Readiness Initiative that will increase the likelihood that at-risk children are prepared for school. Examples of other collaborative efforts include:

- Initiatives with faith-based organizations to develop ways of engaging traditionally difficult-to-reach populations
- Initiatives with the entertainment industry and public high schools to increase employment opportunities in this industry
- Initiatives with foundations and financial institutions to develop and test asset-building strategies for marginalized populations

These efforts represent CHHSA's efforts to integrate services across the agency as well as to develop effective alternatives to welfare for Californians striving to attain self-sufficiency.

The research community has an important role to play in helping government identify strategies for addressing the needs of low-income families. At the same time, the research community must be open to new approaches, such as creating cross-disciplinary discussions with policymakers and practitioners, ensuring that research teams have a broader set of skills, and seeking the input of the research subjects themselves.

> "The question we face today is whether we are prepared to move forward in a way that gives hope and opportunities to all Californians, including those at the lowest end of the income distribution."
>
> — ***Grantland Johnson**, Secretary, California Health and Human Services Agency*

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DAY TWO

NEW RESEARCH FINDINGS AND PROMISING PRACTICES

Day Two of the conference focused on specific strategies for meeting the needs of California's working poor and hard-to-place. The panelists presented new, conclusive research findings on programs designed to increase employment and income, and reduce poverty, among welfare recipients and low-income families. The panels also featured presentations on innovative approaches from California and elsewhere that, while not yet tested, have produced encouraging initial results. The strategies under consideration on Day Two spoke to a variety of goals: increasing job retention and career advancement among the working poor, improving the financial standing of low-income families, and helping the hard-to-place move successfully into the workforce. In addition to discussing how programs affect employment and earnings, panelists looked at broader impacts on family well-being, particularly effects on children. Key state officials and other panelists also considered what California can take from the new research and how these findings should inform policy at the federal, state, and county levels.

PANEL 1: EMPLOYER-BASED STRATEGIES FOR RETENTION AND ADVANCEMENT

Job retention and career advancement among low-wage and entry-level workers have become priorities for employers as well as for public agencies and service providers. This panel discussed employer-based strategies for reducing job loss and increasing opportunities for career advancement.

Barbara Goldman, Vice President, MDRC (Moderator)

The Employment Retention and Advancement (ERA) Evaluation: Work-Focus Approach

Initiated in 1999 for the U.S. Department of Health and Human Services, MDRC's Employment Retention and Advancement (ERA) project is a 10-year, multisite evaluation of programs working to help low-wage workers sustain employment and advance in the job market. Several ERA sites have implemented a "work-focus" approach, which emphasizes on-the-job skills acquisition as well as advancement through ongoing full-time work. [Another approach implemented at some ERA sites — the employment/training-focus approach — is described in Panel 6.]

- The work-focus approach is based on viewing both participants *and* employers as clients. Program staff work closely with employers at every stage of the process: assessing local job market needs, placing participants in employment, identifying avenues for advancement, and providing ongoing work support and case management.
- Essentially acting as an extension of each employer's human resources department, program staff provide employed clients with career counseling as well as assistance with transportation, child care, housing, and other needs.
- Clients receive job-focused skills training and a variety of financial incentives (wage supplements, retention bonuses, emergency payments, etc.).

> "We're testing programs that transform case managers into career advisors and that view both the participant and the employer as clients."
>
> — *Barbara Goldman, MDRC*

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Shirley Iverson, Acting Deputy Administrator, Adult and Family Services, State of Oregon

Oregon's Use of Employment-Based Approaches

Oregon's TANF program had initially taken a work-first approach but now places an increased emphasis on retention and job stability during the transition to employment and on connecting with WIA services for wage advancement. Oregon uses several employment-based approaches to help individuals find and retain better jobs.

- Oregon's JOBS Plus is a subsidized employment program through which the state reimburses employers for wages (up to minimum wage) and employment-related costs. In return, employers provide on-the-job training and on-site mentors for JOBS Plus participants.
- Oregon uses post-employment case management to provide wrap-around services. Outstationing case managers at employers' sites has emerged as a best practice for improving retention.
- In Salem, the "Reach for the Stars" program supports former TANF clients and others in entry-level jobs within the state government. The program assists participants with retention and wage advancement opportunities and also addresses any family issues that may arise, such as child care, housing, and domestic violence.
- Oregon's increased focus on employer partnerships has required that welfare staff learn new skills needed to market the program to businesses.

Heather Hiles, Chief Executive Officer, San Francisco Works

The Role of an Intermediary Organization

Established by a coalition of San Francisco's largest employers, San Francisco Works (SFWorks) was created with the goal of using private sector funds to support a combination of hard- and soft-skills training, paid work experience, and retention services. SFWorks is a nonprofit intermediary organization (it does not provide direct services) working to support the welfare system from the outside.

- SFWorks helps training providers partner with employers to develop curricula geared toward specific private sector jobs. SFWorks has incubated seven training programs that are now operated and fully funded within the public sector welfare system.
- SFWorks is currently developing career advancement activities targeted more generally to the working poor (that is, not only former or current TANF recipients) and the hard-to-serve.
- One program SFWorks has created for the working poor is a system of matched savings accounts, or individual development accounts (IDAs), that enable participants to build assets toward postsecondary education, buying a home, or starting a business.

REACTOR: Michael Bernick, Director, Employment Development Department, State of California

A fundamental challenge to improving career advancement is skills upgrading for the incumbent workforce. EDD is considering various strategies for involving California workers (not strictly TANF recipients) in upgrading their skills. EDD could potentially work with labor force intermediaries — particularly industry associations and labor unions — to better understand how jobs are structured within particular industries and to learn more about paths of mobility in those industries. In addition, EDD would like to see community colleges work closely with industry in providing training for incumbent workers.

PANEL 2: COMPARATIVE IMPACTS OF DIFFERENT WELFARE-TO-WORK STRATEGIES ON ADULTS, FAMILIES, AND CHILDREN

Evaluations of a wide range of programs shed light on how specific welfare-to-work strategies — mandatory employment services, earnings supplements, and time limits — impact employment, income, and family well-being. This panel presented some of the major lessons from this research as well as the most recent findings from the statewide CalWORKs evaluation.

Judith Gueron, President, MDRC (Moderator)

Introduction and Overview

The research that MDRC presents for this panel addresses two central questions regarding welfare reform. First, how do you design a system that does not reduce incentives to work? Second, how have the changes implemented by welfare reform impacted children? Key findings from the research include the following:

- There are ways to increase family income without undercutting work.
- Policies that support low-income families can improve outcomes for children (for instance, earnings supplements have been shown to improve children's academic performance).
- The child- and family-related impacts of women on welfare working are similar to those of middle-class women working.

> "The unspoken issue of welfare reform has been the effects on children, but new research sheds light on these impacts."
>
> — *Judith Gueron, MDRC*

Charles Michalopoulos, Senior Research Associate, MDRC

Synthesis of Research: How Welfare and Work Policies Affect Employment and Income

By reviewing evaluation results from 19 welfare-to-work programs, we can assess the relative impact on employment and income of three different program approaches: mandatory employment services (including job search and education/training), earnings supplements (enhanced earnings disregards, tax credits, wage supplements), and time limits on welfare receipt.

- In all 19 evaluations, the program group (the group that received services) had higher earnings than the control group.
- Among mandatory employment services, the programs with the largest effects on earnings used a mix of initial activities (that is, job search and education/training) rather than primarily job search or primarily education and training. Where a mix was not offered, job search increased earnings more effectively than did adult basic education.
- Earnings supplements increased both earnings and income.
- In two time-limited programs tested, the positive impact that earnings supplements had on income were substantially diminished by the imposition of time limits.

Judith Gueron, President, MDRC

Synthesis of Research: How Welfare and Work Policies Affect Children

MDRC will shortly publish a report synthesizing the results of five large-scale studies that together examine the effects of 11 employment-based welfare and antipoverty programs on preschool and early-school-age children.[1] Key findings from this report include the following:

- Programs with earnings supplements consistently improved children's school achievement, and the effects were particularly significant for long-term welfare recipients. Earnings supplements had neutral or positive effects on the other child outcomes.

1. The report was published by MRDC as part of the Next Generation project. See Pamela Morris et al., *How Welfare and Work Policies Affect Children: A Synthesis of Research* (New York: MDRC, 2001).

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- Mandatory employment services — whether education-first or job-search-first approaches — did not consistently improve children's school achievement. Similarly, there was no clear pattern in how mandatory employment services affected children's behavior or health.
- The jury is still out on the effects of welfare time limits on children. In the one time-limited program examined, there was no consistent pattern in child-related outcomes.

These results suggest that welfare programs can benefit children if they increase both employment *and* income. Programs that increase employment without increasing income do not consistently help or harm children.

Jacob Klerman, Principal Investigator, Statewide CalWORKs Evaluation, RAND

Findings from the Statewide CalWORKs Evaluation

The welfare caseload in California is down 41 percent since its peak in March 1995. While CalWORKs has contributed to this decline, much of this drop occurred prior to the widespread rollout of CalWORKs in late 1998 and early 1999. In addition, it is estimated that about half the caseload decline is due to the strong economy.

Some of the key findings from the CalWORKs evaluation include the following:

- Participation in federally approved work activities is increasing but is far from universal. Counties still face a challenge in getting people involved.
- Earnings among employed CalWORKs recipients have increased. However, many of these recipients are still working far less than full time.
- Among CalWORKs leavers, there has been an increase in the percentage with earnings above the equivalent of full-time work at minimum wage.
- Medi-Cal coverage has risen sharply under CalWORKs, due to both the 1996 federal welfare reform legislation and the efforts of CalWORKs practitioners.

REACTOR: Bruce Wagstaff, Deputy Director, Welfare to Work Division, California Department of Social Services

The research presented here gives reason for cautious optimism. The evaluation of CalWORKs suggests that we are on the right track, but also that the program is still maturing.

Earnings supplements appear to show promise, but efforts to boost incomes need to go beyond program design (that is, earnings disregards) to include such things as job advancement and income supports. Also, it is significant that the impact of earnings supplements was greatest for long-term welfare recipients, as this population now constitutes a larger share of the CalWORKs caseload.

The question we must address is: How do we use this information in the upcoming reauthorization of TANF? We are only just beginning to learn what works, and we must make the case to Congress for continued funding and flexibility.

PANEL 3: IMPACTS OF FINANCIAL WORK INCENTIVES ON ADULTS, FAMILIES, AND CHILDREN

One of the fundamental challenges to welfare policy is structuring benefits in a way that keeps families out of poverty yet does not discourage employment. This panel discussed the lessons offered by three innovative programs, all of which provided incentives that enhanced the financial payoff of employment. These financial work incentive programs yielded impressive employment and income impacts, especially for families at risk of long-term welfare receipt.

Gordon Berlin, Senior Vice President, MDRC (Moderator)

Introduction

The Minnesota Family Investment Program (MFIP), Canada's Self-Sufficiency Project (SSP), and Milwaukee's New Hope Project [see box, page 13] illustrate the impact of work-conditioned financial incentives. All three programs increased employment and income among single parents at risk of long-term welfare receipt. Findings from these programs are especially striking for several reasons:

- Families and children benefited.
- Poverty was reduced without reducing work and marriage.
- The programs promoted stable, full-time employment with earnings growth.
- Participants built assets through home ownership and savings accounts.

These impacts have several policy implications. One is added costs. Another is how to target the program. Targeting work-conditioned incentives to all low-income people (for instance, through the federal and state EITCs) helps more people but means less generous supplements. By contrast, targeting earnings supplements to a narrower group of low-income people (for example, welfare recipients) allows for larger incentives but creates equity problems. One additional implication is the need to aggressively market incentives to potential participants.

Hans Bos, Senior Research Associate, MDRC

Policies for Making Work Pay

In the three work-conditioned incentive programs studied by MDRC [see box, page 13], we found that while the programs increased welfare use, they increased income even more. With the incentives, many working people who otherwise would have left welfare continued to receive publicly funded earnings supplements. However, these programs decreased the percentage of families relying *solely* on welfare while increasing the percentage relying on welfare *plus* work.

The three programs had significant impacts on family well-being, which is noteworthy because such impacts typically are difficult to achieve. In MFIP, for example, 11 percent of long-term recipients were married at follow-up (compared with 7 percent of the control group). MFIP also decreased domestic abuse and increased the use of stable, formal child care. The programs also produced several positive outcomes for children, including fewer behavior problems and improved school performance (in New Hope and MFIP) as well as cognitive gains in young children (among SSP families).

Thomas Back, Former Associate Director, New Hope Project, Milwaukee, Wisconsin

Implementation of the New Hope Project

New Hope's goal was to create a community-based, user-friendly system for providing low-income workers with financial work incentives and other work supports. Key features of implementation included:

- INVOLVING PARTICIPANTS IN PROGRAM GOVERNANCE. By serving on the New Hope Board and committees, program participants provided valuable guidance in how policies would affect participants and how the program could be promoted to the target population.
- INCLUDING *ALL* LOW-INCOME WORKERS. This helped minimize the stigma of the program (it was not viewed strictly as a welfare program) and also meant that participants would not lose eligibility because of changes in family or employment status.
- OPERATING OUTSIDE THE WELFARE SYSTEM. This afforded New Hope several advantages: smaller offices for more individualized attention, the ability to locate offices near workers' homes, and greater flexibility in making program adjustments. At the same time, independence from the state welfare system presented a number of challenges, most notably having to build the program's infrastructure from the ground up.

Program Models for Work-Conditioned Incentives

MINNESOTA FAMILY INVESTMENT PROGRAM (MFIP)
- Increased the earnings disregard when calculating welfare grants (that is, allowed those working while on welfare to retain a larger proportion of their welfare grants)
- Increased benefits by up to 20 percent for those who worked
- Required long-term welfare recipients who were employed less than 30 hours a week to participate in employment-focused services
- Operated within the welfare system

CANADA'S SELF-SUFFICIENCY PROJECT (SSP)
- Paid a substantial monthly earnings supplement to long-term, single-parent welfare recipients working full time
- Operated as a voluntary program outside the public welfare system

MILWAUKEE'S NEW HOPE PROJECT
- Included low-income workers regardless of welfare status
- Provided earnings supplements and child and health care subsidies to those working 30 hours or more a week
- Placed unemployed participants in transitional community service jobs
- Operated as a voluntary program outside the public welfare system

For a complete report on work incentive programs, see Gordon L. Berlin, *Encouraging Work, Reducing Poverty: The Impact of Work Incentive Programs* (New York: MDRC, 2000).

Sheryl Lockwood, Program Consultant, Minnesota Department of Human Services

Implementing the Minnesota Family Investment Program

Although MFIP — unlike New Hope — operated within the welfare system, the program was structured to cut down on bureaucracy. The MFIP executive director had direct access to decisionmakers in the broader welfare system, and staff were empowered to make decisions and work as a team. Staff were encouraged to think and act differently than in a traditional welfare program, and some MFIP staff members were hired from outside the state system.

MFIP's success in enrolling participants was partly the result of promoting the program aggressively to county welfare staff. MFIP developed relationships with county-level management during the early stages of program planning. In addition, MFIP developed its own training curriculum for county staff. This training taught county staff how to explain the MFIP program to participants and included charts illustrating MFIP's impact on income at different earnings levels.

> "We guaranteed participants that work would pay, and we always tried to show them *how* work would pay."
>
> — ***Sheryl Lockwood**, Minnesota Department of Human Services*

REACTOR: Charr Lee Metsker, Chief, Employment and Eligibility Branch, California Department of Social Services

Because the research presented here shows the benefit of financial work incentives for working families, it bodes well for the emphasis California places on its welfare-to-work efforts. California's program includes similar incentives for working families. Also, while this research shows the positive impacts of financial work incentives on families and children, it also raises a number of questions for policymakers: Is the goal to reduce poverty or to reduce welfare dependency? How do financial incentive programs work in a time-limited environment? Should working families be exempted from time limits? Should there be a way to provide financial incentives after families leave aid? At what point do or should government subsidies end for families? If the true goal is to eliminate welfare dependency, how far do you go with financial work incentives before you actually create disincentives for families to leave aid?

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PANEL 4: EFFECTIVE APPROACHES FOR INCREASING TAKE-UP RATES FOR FOOD STAMPS, MEDI-CAL, AND THE STATE CHILDREN'S HEALTH INSURANCE PROGRAM (CHIP)

The past several years have seen declining take-up rates for several supports available to low-income individuals and families regardless of their employment status. This trend is troubling, given that these supports can have a significant impact on families' income levels and quality of life. This panel discussed some of the reasons for lower take-up rates and shared policy- and program-level strategies for improving utilization of these supports.

Casey McKeever, Directing Attorney, Sacramento Office, Western Center on Law and Poverty (Moderator)

Introduction

The failure of noncash support programs — Food Stamps, Medi-Cal, and CHIP — to reach more families affects the well-being of the working poor, whether they have recently left welfare or have never received cash assistance. While the issue of low participation rates has always needed attention, the problem has worsened since the enactment of welfare reform. California faces a glaring problem with regard to Food Stamp participation, which has dropped nearly 50 percent since 1994 (significantly more than the reduction in the TANF caseload) and is significantly below the national average.

Robin Dion, Researcher, Mathematica Policy Research, Inc., Washington, D.C.

Research Findings on Declining Take-Up Rates

In research conducted for the U.S. Department of Health and Human Services, Mathematica found several reasons for the dramatic decline in Food Stamp, Medicaid, and CHIP participation rates since 1996: confusion about changes in federal eligibility standards, especially concerning immigrants; TANF leavers' lack of awareness concerning eligibility; and administrative inefficiencies.

States can take various steps to improve participation in these programs:

- Taking advantage of new federal Food Stamp regulations, which create state options such as semi-annual income reporting requirements and three months of transitional benefits for TANF leavers
- Easing participation demands on clients through simpler enrollment forms, fewer required face-to-face interviews, and longer certification periods
- Implementing more generous rules for categorical eligibility and for counting vehicle value toward assets

Mathematica's study also recommends designing a framework for increasing access to supports. This framework would include increasing the understanding of program eligibility among clients and service providers; intensifying outreach through TANF orientations, public agencies, community-based organizations, and the media; and improving application and redetermination processes.

Janet Quint, Senior Research Associate, MDRC

Factors That Affect Post-TANF Receipt of Food Stamp and Medicaid Benefits

In a recent study, MDRC found that the majority of TANF recipients knew little about the impact of employment on Medicaid or Food Stamp benefits. Researchers also found that frontline workers did not systematically inform recipients about eligibility for these benefits.

The study recommends that states implement the new federal Food Stamp regulations announced in November 2000, which include mandatory and optional strategies for improving Food Stamp take-up rates, such as:

- Households losing TANF benefits must be informed that they may remain eligible for Food Stamps if they provide the information requested (mandatory).
- States may provide a three-month transitional Food Stamp benefit (optional).
- States may eliminate reporting requirements for families with modest income changes (optional).

MDRC's study also recommends the following practices, intended to improve Medicaid and Food Stamp receipt: extended welfare office hours; outstationed redetermination workers in hospitals, clinics, and other appropriate settings; improved administrative procedures; and increased outreach.

Vicki Grant, Deputy Director for the Covering Kids National Program Office and the Supporting Families After Welfare Reform National Program Office, Southern Institute on Children and Families, Columbia, S.C.

Efforts to Promote Medicaid and CHIP

Based on lessons learned during the first year of the Covering Kids Initiative, The Robert Wood Johnson Foundation created the Supporting Families After Welfare Reform program to provide technical assistance and funding to states interested in reversing declines in Medicaid and CHIP caseloads for children and adults.

Technical assistance is framed around net caseload change, which is best illustrated by this equation:

current caseload + applications approved – cases closed = total cases

By examining caseload data and establishing benchmarks, managers can monitor the outcomes of the eligibility process for initial applications, renewals, and ongoing case maintenance. Managerial questions are: What are the approval and denial rates, and is the denial rate acceptable? Is the closure rate acceptable? What are the reasons for denial and closure? The predominant denial and closure reasons should be related to income and eligibility criteria such as age, and not to reasons related to compliance with procedures.

REACTOR **Lynn Bayer, Director, Los Angeles County Department of Public Social Services**

Los Angeles County found that the majority of children in the welfare system lacked CHIP coverage because of grievous paperwork errors. In response, the county launched several initiatives:

- Contracting with community-based organizations to enroll eligible families
- Launching a public outreach and media campaign, which exceeded its goal of enrolling 100,000 new CHIP participants in three months
- Working with the Healthy Start and free lunch programs so that families applying for these programs can also request information on Medi-Cal and CHIP

While increasing Food Stamp take-up rates has proved to be a greater challenge, Los Angeles County is optimistic about its current campaign to increase Food Stamp rolls by 35 percent.

> "Los Angeles County's aggressive outreach campaign enrolled more than 100,000 new CHIP participants in three months."
>
> — ***Lynn Bayer**, Los Angeles County Department of Public Social Services*

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LUNCHTIME ADDRESS

Research on the impacts of different employment program models, as well as the lessons learned from the first years of welfare reform, will help set the context when Congress in 2002 takes up reauthorization of federal funding for TANF. This midday address discussed some of the issues that are expected to shape the reauthorization process.

"Looking Ahead to TANF Reauthorization"

Mark Greenberg, Senior Staff Attorney, Center for Law and Social Policy, Washington, D.C.

TANF is scheduled to be reauthorized in 2002. The context for reauthorization will be shaped, in part, by competing views about how to understand the experience of welfare reform so far. One view sees TANF as a big success, as evidenced by declines in the caseload and child poverty. Another view asserts that the story is mixed:

- The TANF caseload and child poverty are both down, but the caseload is down much more than is child poverty.
- There have been large increases in employment among single, low-income mothers, but much of this employment is low-wage and unstable, and linkages to benefit systems (Food Stamps, Medicaid, EITCs, etc.) for low-income workers are weak.
- There is increased recognition of the need to work with families with serious employment barriers, but few known effective strategies to address these barriers, and state practices sometimes result in denial or termination of assistance to those with the greatest barriers to employment.

A third view asserts that the central issues for reauthorization need to focus on family structure, marriage, and out-of-wedlock births.

However the story is understood, key issues in reauthorization will likely include:

- FUNDING. Some will point to the caseload decline and try to cut TANF funding and Maintenance of Effort (MOE) requirements; others will urge that states now have broader goals in addressing the needs of a larger group of low-income working families and that it is important to sustain and increase funding.
- WORK PARTICIPATION. There will be disputes about how to measure state performance, whether to reconsider restrictions on education and training and broaden countable activities, and whether the system could focus more on outcomes.
- TIME LIMITS. Questions include whether time limits should run against working families and whether existing exceptions will be adequate.
- TANF AND WIA. Although WIA is not up for reauthorization, Congress likely will consider how to better coordinate TANF and WIA and how to best advance an agenda to promote employment retention and advancement.

> "To maintain the current block grant levels, states need to articulate a vision for TANF that extends beyond cash assistance."
>
> — ***Mark Greenberg, Center for Law and Social Policy***

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PANEL 5: EFFECTIVE STRATEGIES FOR RETENTION AND SKILLS ADVANCEMENT

This panel looked at research on one of the central questions facing the welfare and workforce development systems: How can low-income workers be helped to retain employment and move up the career and wage ladders? While there is a limited body of prior research on effective retention and advancement strategies, this panel presented new findings in this area and discussed the potential implications for policy and program design.

Charles Michalopoulos, Senior Research Associate, MDRC

Synthesis of Research: Promising Retention and Advancement Strategies

A synthesis of research on 13 programs evaluated by MDRC helps gauge the relative impacts of different employment strategies on retention and advancement. The programs targeted welfare recipients and included some combination of intensive job search/pre-employment services, basic education, and/or earnings supplements (for example, earnings disregards).

The greatest impact on retention was found in programs that offered earnings supplements. The next largest impacts were found in programs that offered a mix of job search and education, followed by programs with only job search, then by programs offering only basic education.

Implications of this synthesis include the following:

- Because financial work incentives help increase retention and earnings, programs should help participants understand all the incentives for which they are eligible — EITCs, child support assistance, earnings disregards, etc.
- Programs should encourage clients to not necessarily accept the first jobs offered to them but, rather, to extend the job search process — where appropriate — to obtain higher-wage positions.
- Solid follow-up and post-employment services are essential.

> "MDRC's study of 13 employment programs for welfare recipients shows that the largest impacts on retention were found in programs offering earnings supplements for low-wage work."
>
> — *Charles Michalopoulos, MDRC*

Nancye Campbell, Senior Research Analyst, Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services (Moderator)

Findings from the Post-Employment Services Demonstration

The Department of Health and Human Services' Post-Employment Services Demonstration (PESD) was conducted at four sites from 1994 to 1996 by Mathematica Policy Research. The study examined a case management approach for newly employed welfare recipients that emphasized (1) rapid reemployment following job loss, (2) supportive services to address issues that might interfere with employment (for example, child care), and (3) intensive post-employment case management.

Implementation findings show that case managers were able to maintain contact with most clients and that clients were highly satisfied with the personal attention given by case managers. At the same time,

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however, the study shows that PESD services had little impact on retention, earnings, or welfare receipt. Despite these disappointing impact findings, the demonstration provides some key lessons:

- Programs should consider approaches that complement case management, such as employer-focused interventions, career development and planning, retention incentives, transitional employment, accessible job training/education, and supports for participation.
- Programs should establish a goal of helping families to succeed at work *and* at home. This may involve broad system-related changes, such as coordination with transportation systems, employers, and employee assistance programs.

Robert Wood, Senior Researcher, Mathematica Policy Research, Inc., Princeton, N.J.

The GAPS Job Retention Program

Conducted from 1997 to 2000, Mathematica's evaluation of the GAPS job retention program in Pennsylvania was the first post-TANF evaluation to look specifically at job retention. The evaluation found that job loss was most common among newly employed workers, perhaps owing to issues such as child care that tend to get ironed out over time. The evaluation also found that the greatest threat to stable employment was termination owing to absenteeism, a problem accentuating the fact that welfare recipients are more likely to find jobs that do not offer paid sick leave or flexible hours to address unexpected family issues.

Based on this evaluation, the following are recommendations for enhancing retention services:

- Supplement case management with supportive services such as transportation, emergency child care, and other types of emergency assistance.
- Increase the focus on career advancement so clients can compete for jobs with benefits and paid leave.
- Give increased attention to newly employed workers and expect that they may face significant obstacles in arranging for transitional benefits and supportive services.

REACTOR **Jo Weber, Branch Chief, Work Services and Demonstration Projects Branch, Welfare to Work Division, California Department of Social Services**

CalWORKs incorporates many of the principles described in the preceding presentations, such as generous work incentives and a "work first but not work only" approach that encourages quick entry into the workforce but also offers various pre-employment services. A persistent problem identified by the research is the difficulty in engaging former recipients in retention and advancement services. Since many welfare leavers prefer not to return to the welfare office to receive these services, this may present a major opportunity for community-based organizations.

There are other important questions we need to answer: How long should job retention services be offered? Is 12 months — the amount allowed by CalWORKs — enough to fully address job stabilization and/or advancement? What should be the respective roles of the CalWORKs and workforce development agencies? Are there successful models of seamless service delivery? What are special considerations for immigrant or limited-English-speaking participants?

PANEL 6: PROMISING EDUCATION- AND TRAINING-BASED STRATEGIES FOR RETENTION AND ADVANCEMENT

Providing education and training for low-income workers is one potentially effective — though as yet unproven — means of improving retention and career advancement. Education and training approaches, however, raise a number of issues concerning access and participation, outcomes, and costs. This panel presented research findings on education- and training-based strategies for retention and advancement and also discussed the experiences of programs that have implemented this approach.

Hans Bos, Senior Research Associate, MDRC (Moderator)

Education as a Pre-Employment Activity: A Mixed Picture

Although education-based welfare-to-work programs tend to increase earnings and reduce welfare receipt, these programs generally are less successful than work-first approaches.

Welfare-to-work programs can increase participation in adult education and GED receipt. However, education outcomes do not happen quickly, and the impact is smaller for those with histories of low academic attainment. In addition, many welfare recipients may have undiagnosed learning disabilities that make it difficult to fully benefit from traditional adult education.

Despite these concerns, nonexperimental analyses suggest that educational outcomes of welfare-to-work programs may make a difference. Research shows that earning a GED has a significant payoff. In addition, stronger skills lead to increased earnings and self-sufficiency. Stronger skills also increase access to postsecondary education and training, which substantially improve earnings and mobility. However, there needs to be better linkages between adult education and postsecondary education, as too few adult education students and GED recipients go on to postsecondary education and training.

Barbara Goldman, Vice President, MDRC

The Employment Retention and Advancement (ERA) Evaluation: Education/Training-Focus Approach

As described during Panel 1, MDRC is in the early stages of the Employment Retention and Advancement (ERA) evaluation. This multiyear project for the U.S. Department of Health and Human Services is testing strategies to help low-wage workers sustain employment and advance in the job market. Several of the ERA sites have implemented an education/training-focus approach that emphasizes advancement through a combination of education/training and work. [Another approach implemented at some ERA sites — the work-focus approach — is described in Panel 1.] The education/training-focus includes the following key elements:

- AGGRESSIVE RECRUITMENT AND ENROLLMENT. Programs learn about workers' needs through focus groups and other means, educate potential participants about the value of education/training, and offer incentives for enrollment (e.g., gift certificates).
- CLOSE LINKAGES WITH COMMUNITY COLLEGES AND OTHER LEARNING INSTITUTIONS. Because the education/training-focus approach combines education and work, programs encourage community colleges to offer weekend and evening classes and compressed courses. The educational/training-focus approach tries to steer participants toward education tracks that lead to credentials or academic credit.
- SUPPORT FOR ATTENDANCE AND COMPLETION. Programs provide intensive monitoring and support, assistance with child care and transportation, tutoring, and financial and other types of incentives. For example, the Florida ERA site uses TANF dollars to pay participants $160 per week to stay in the program for 16 weeks.

Nancy Presser, Manager, CalWORKs/GAIN Phase 2, Riverside County

Key Components of Riverside County's CalWORKs/GAIN Phase 2

When participants are employed for 20 hours or more per week, they move from Phase 1, a work-first approach, to Phase 2, which emphasizes job retention and additional education. The key to Phase 2's success are the case managers, who are very flexible and often meet with participants at nontraditional locations (for example, fast-food restaurants) before or after normal working hours.

Because the county welfare program does not fund education and training, Phase 2 must seek out partners to provide training. Building these partnerships can be difficult, and it is crucial to find partners who share a sense of ownership and responsibility.

The major challenges facing the Phase 2 program are (1) convincing clients that it makes sense to take part in education and training while working and (2) keeping up clients' motivation so they complete training. To meet these challenges, Riverside County uses the following strategies:

- Coordinating with training partners to avoid overtesting of clients
- Assigning staff liaisons to facilitate communication and resolve problems with training partners
- Making home calls and site visits
- Making follow-up telephone calls to clients the day before their appointments

> "Our program's message is that clients can advance in the labor market by keeping their job while enrolling in additional education or training."
>
> — ***Nancy Presser**, CalWORKs/GAIN Phase 2, Riverside County*

REACTOR: Robert Hotchkiss, Deputy Director, Workforce Development Branch, Employment Development Department, State of California

In order to provide high-quality education and training, it is essential that we understand the labor market and industry career paths. What are the dead-end jobs? How do people find out about opportunities? Are some business sectors more promising than others? In considering these and related questions, we need to begin looking at industry as a whole, not just at the largest employers.

PANEL 7: PROMISING STRATEGIES TO HELP WELFARE RECIPIENTS WITH SUBSTANCE ABUSE AND MENTAL HEALTH BARRIERS

Substance abuse and mental health issues are major barriers to employment and self-sufficiency for many welfare recipients and especially for long-term recipients. Little is known, however, about effective strategies for integrating substance abuse and mental health treatment into the welfare and workforce development systems. This panel presented recent research on the implications of substance abuse and mental health issues for welfare programs and discussed promising interventions for addressing these barriers.

David Butler, Vice President, MDRC (Moderator)

Introduction

The impression in some welfare offices is that addressing substance abuse and mental health barriers is simply a matter of screening for the problem and then providing treatment. However, the reality is more complicated. First, screening is difficult. Second, contractors are not necessarily prepared to address all the issues that arise in a client's life.

The impacts of employment programs do not vary much between those at risk for depression and those who have substance abuse problems. The most disadvantaged welfare recipients still earn less than their more advantaged counterparts and are being left behind by work-first approaches. Also, most of the clinical knowledge we have about treatment options does not tell us what the outcomes will be in the real world — especially given the new environment of welfare reform and work first.

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Jon Morgenstern, Associate Professor and Director of Alcohol Treatment and Research Programs, Department of Psychiatry and Health Policy, Mount Sinai School of Medicine, New York City

The Substance Abuse Research Demonstration

The Substance Abuse Research Demonstration (SARD) is a five-year demonstration project measuring the effectiveness of enhanced substance abuse treatment for women in welfare-to-work programs in two New Jersey counties. The project is testing the impact of a service design that includes:

1. INTENSIVE CASE MANAGEMENT
   - Active outreach efforts
   - Enhanced mental health services
   - Linkage to wrap-around services (housing, transportation, etc.)
   - Active coordination of treatment and employment training
2. CONTINGENCY MANAGEMENT
   - Monetary rewards for treatment attendance
   - Treatment mandated as a work requirement

Findings to date indicate that, compared with the control group, the recipients participating in this service design were attending and complying with treatment at a higher rate. The findings also indicate the need for comprehensive, coordinated services and accountability. Welfare recipients who need substance abuse treatment tend to have other barriers to employment (for example, medical problems, exposure to violence) and typically receive services through multiple agencies. In addition, women facing substance abuse issues need services to help them transition from treatment to work activities.

Mary Clare Lennon, Director, Social Science Research Unit, National Center for Children in Poverty, New York City

Depression Among Welfare Recipients

Research indicates that low-income women are at particularly high risk for developing depressive disorders. Depression is closely linked to employment outcomes. It is a barrier to employment and retention and, in addition, can be the result of low-quality jobs or job loss.

In the welfare-to-work environment, two promising approaches may reduce depressive symptoms and increase self-sufficiency: (1) incorporating attention to mental health issues into job search programs and (2) offering welfare recipients financial work incentives.

There are various barriers to treatment among the low-income population: high cost, lack of medical insurance, the stigma associated with mental health issues, poor identification on the part of physicians, and patient-related barriers (for example, language barriers, mistrust).

These findings point to several potential strategies for improving the treatment of depression among low-income women: ensuring access to health insurance, instituting adequate coverage for treatment and prevention, improving screening tools and procedures, and utilizing multiple points of entry to identify at-risk women and children.

REACTOR: Joan Meisel, Consultant, CalWORKs Project, California Institute for Mental Health

Consistent with the previous presentation, California's low-income women show high rates of depression. Because services are administered at the county level, we essentially have in progress 58 demonstrations on how to address substance abuse/mental health issues. The prevalence of domestic violence among low-income women also is high. [For the reported incidence of substance abuse, mental health problems, and domestic violence, see Table 1 on page 22.] The system of services for domestic violence has not been integrated into other systems serving the low-income population. Possible solutions include hiring specialist staff within CalWORKs to address domestic violence issues, integrating domestic violence treatment into mental health and AOD teams, and training CalWORKs and other staff about domestic violence issues.

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Other recommended strategies for addressing substance abuse/mental health issues include:

- New mental health/substance abuse services designed specifically for CalWORKs clients
- Inclusion of support services like on-site child care and transportation to services
- Capacity to provide more intensive long-term services (for example, case management)
- Adequate time for clients to become engaged in services
- Team-based, cross-discipline services

TABLE 1

Substance Abuse, Mental Health Problems, and Domestic Violence: Percentage of Female CalWORKs Recipients/Applicants in Two California Counties Who Reported Having Experienced None, One, Two, or Three of These Conditions in the Previous 12 Months

Number of Conditions	Kern Recipients (N = 347)	Stanislaus Applicants (N = 356)
None	45%	30%
One only	34%	38%
Two only	19%	26%
Three	2%	6%
Total	100%	100%

SOURCE: The CalWORKs Project (a collaboration of the California Institute for Mental Health, Children and Family Futures, and Family Violence Prevention Fund), September 2000.

PANEL 8: COMMUNITY SERVICE JOB MODELS

Paid or unpaid work experience — "transitional employment" — is one strategy for helping the hard-to-place develop job skills and prepare for unsubsidized employment. This panel presented various program models from across the United States and discussed their potential applicability for TANF clients subject to mandatory community service or for CalWORKs recipients who have not reached the state's 18/24-month welfare-to-work time limit.

Steven Savner, Senior Staff Attorney, Center for Law and Social Policy, Washington, D.C. (Moderator)

Transitional Jobs for Hard-to-Place Welfare Recipients

Transitional jobs programs are intended to enhance job readiness and work-related skills among recipients with little or no recent work experience and other barriers to employment. Transitional jobs can provide paid work for recipients who have exceeded their TANF time limits, and they also respond to TANF community service requirements. In Cleveland, for example, transitional jobs are provided to people who have exceeded Ohio's 36-month time limit for TANF receipt.

There are several unique features of transitional jobs, all of which are intended to maximize the impact on the participant's employability:

- Jobs are time-limited and explicitly transitional.
- Participants receive intensive case management and assistance with accessing a range of services and supports.
- Participants are paid wages and, in some instances, receive a supplemental welfare check.
- Participants are eligible to receive the federal EITC and, in some cases, a state EITC as well.

> "Transitional jobs retain a work-first approach while improving the employability of those TANF recipients who do not succeed in a front-end job search."
>
> — *Steven Savner, Center for Law and Social Policy*

Jim Klasen, Vice President for Career Development, Transitional Work Corporation, Philadelphia

Overview of the Transitional Work Corporation Model

Established as a public/private partnership, the Transitional Work Corporation (TWC) places welfare recipients in transitional jobs in public agencies and nonprofit organizations as a stepping-stone to full-time employment. A key element of the TWC model are the Career Advisors, who work closely with participants throughout the transitional phase and for an additional six months during the post-employment retention phase.

Following a two-week orientation, TWC participants are placed into part-time (25 hours per week) paid internships for up to six months, during which they are assigned an on-site mentor. The internship wages paid to TWC participants increase their monthly income by about $150 to $200 over welfare alone. Participants also receive:

- 10 hours per week of professional development (computer training, GED courses, soft-skills training, etc.)
- Allowances for child care, transportation, and clothing
- Career development assistance

Following the internship, TWC works to place the participant in full-time paid employment. As a key part of this effort, TWC promotes itself to potential employers as a no-fee employment placement agency.

Julie Wilson, WorkFirst Community Jobs Manager, Washington State Office of Trade and Economic Development

The WorkFirst Community Jobs Program

The Community Jobs (CJ) program provides transitional, community-based employment and training for TANF recipients who have been unsuccessful in the labor market and exhibit barriers to employment. Key program features include:

- FINANCIAL INCENTIVES. Through a combination of paid employment, EITC receipt, and a 50 percent wage disregard, participants receive 73 percent more income than through the welfare grant alone.
- CO-ENROLLMENT IN SERVICES AND EDUCATION. CJ participants spend 20 hours a week in work and 20 hours in training/education or in services to address domestic violence, substance abuse, or other issues.
- COMMUNITY-BASED PARTNERS. CJ contracts with 17 community-based organizations to provide case management, worksite development, and payroll and support services.

CJ's host worksites include education institutions, government agencies, and tribal and nonprofit organizations. Seventy percent of CJ participants find work after exiting the program, and their average earnings are 18 percent higher than the state's self-reported post-TANF earnings as a whole.

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REACTOR: Tiana Wertheim, Workforce Development Specialist, Wage-Based Community Service Program, San Francisco Department of Human Services

There are two key ingredients to a successful wage-based community service program. First, and most important, there has to be a financial incentive to work — that is, some mechanism that allows the participant to take home additional earnings. Second, programs need to provide intensive case management that places the community service job within the individual's broader career goals.

An economic slowdown would pose some challenges to community service programs. One is the question of funding. With more clients requiring community service jobs, how much will states be willing to invest in the resources needed to operate community service job programs? Another challenge might be ensuring the cooperation of labor unions. In San Francisco, for example, the union was concerned that our clients were receiving less than prevailing wages.

On the level of policy, one of the challenges we face in California is that private sector jobs are what our clients most want. However, CalWORKs does not allow private sector jobs as transitional employment.

PANEL 9: SERVICES FOR NONCUSTODIAL PARENTS

How can noncustodial parents (NCPs) be helped so they can contribute to the financial and emotional well-being of their children? This panel discussed some of the economic factors that affect earnings and employment among NCPs (the great majority of whom are fathers) and presented research on the efforts of programs targeted at this population. The panel also discussed ways of strengthening linkages between child support and human services agencies.

Paul Offner, Research Professor, Institute for Health Care Research and Policy, Georgetown University, Washington, D.C.

Employment Trends Among Young Black Males

The issue of NCPs depends in part on the condition of low-income males. One group that is overrepresented in this category is black males. Since 1992, while the U.S. economy had been in a prolonged economic expansion:

- The employment of out-of-school black males age 20 to 24 improved little and is now 20 percentage points below that of Hispanic and white males of the same age. Indeed, the labor force participation of young black males actually declined during this period.
- By contrast, the employment of out-of-school females of the same age jumped by almost 20 percentage points between 1992 and 1999. In a sample of California cities, the employment rate of black females age 16 to 24 increased by 8 percent, while that of black males of the same age decreased by 9 points.

These data suggest that the recent expansion has done little for young black males and that we need targeted employment initiatives to help this group.

Sharon Rowser, Vice President and Regional Manager, MDRC (Moderator)

The Parents' Fair Share Demonstration

MDRC's Parents' Fair Share (PFS) Demonstration was a seven-site project with the goals of (1) increasing employment and earnings of NCPs of children receiving welfare, (2) increasing child support payments, and (3) supporting and improving parenting behavior. The program included employment and training services, peer support built around a Responsible Fatherhood curriculum, enhanced child support enforcement, and conflict mediation between the parents. Participation was mandatory, and most participants were court-ordered into the program.

The following is a summary of the program impacts:

- PFS did not consistently increase employment or earnings.
- Many participants who worked had better jobs (that is, with more hours, higher pay, more benefits) than their counterparts in the control group.
- NCPs with more barriers to employment benefited more from the program than did their more advantaged peers. In addition, those lacking a high school diploma reported higher employment rates, significantly higher earnings, and a greater likelihood of having health insurance than did their peers in the control group.
- The program appeared to have very little impact on African-American men.

Wendell Primus, Director of Income Security, Center on Budget and Policy Priorities, Washington, D.C.

Improving Child Well-Being by Focusing on Low-Income Noncustodial Parents

Several factors tend to hold down child support contributions from NCPs. Low-income males typically face major barriers to employment. Real wages among men who lack college degrees have been declining. Also, low-income NCPs see little increase in disposable income (after child support payments) as their earnings go up, a fact that may cause these NCPs to "go underground." Furthermore, NCPs may disengage from the system because of high levels of child support debt (arrearage).

There are a variety of strategies that can increase child well-being and paid child support:

- Increasing earnings of NCPs through workforce development programs and publicly funded jobs
- Building strong relationships between NCPs and their children through mediation and case management
- Changing policies for child support orders and arrearage, especially for NCPs who are "playing by the rules"
- Helping more child support money get through to children by disregarding child support payments when calculating TANF benefits and by providing child support subsidies
- Providing direct assistance to NCPs as an incentive (for example, health coverage, stipends, tax credits)

> "Under current TANF policies, only a small fraction of child support payments for children on cash assistance actually gets through to the family."
>
> — ***Wendell Primus**, Center on Budget and Policy Priorities*

REACTOR: Curt Child, Director, California Department of Child Support Services

The preceding presentations make three major points: (1) certain groups of fathers cannot pay child support; (2) the jury is still out on the effectiveness of NCP services; and (3) there are some promising new ideas being tried.

Some of the key challenges facing the Department of Child Support Services (DCSS) include finding ways to decrease the high arrearage levels, setting child support orders promptly and properly, and focusing collection efforts on cases where support is truly feasible.

DCSS has allocated $25 million to serving both custodial parents and NCPs. One of the primary goals is to put more NCPs in a position to pay child support. In addition, DCSS has set up an Office of Research and Design in order to try innovative approaches. For instance, we have several fatherhood projects being rolled out across the state.

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DAY THREE

NEW INSTITUTIONAL ROLES AND RELATIONSHIPS

As California strives to better serve low-income workers and the hard-to-place, effective collaboration among the welfare and workforce development systems will be essential. In addition, both of these systems will need to establish new and expanded partnerships with other institutions and organizations. The panels on Day Three looked at the role of institutional relationships both in providing a more comprehensive, more accessible set of services to low-income families and in fostering a more effective use of funds and resources. Panelists discussed the challenges to integrating the welfare and workforce development systems, the role of specific institutions — such as community colleges and the WIA One-Stops — in serving the working poor, and how community-focused initiatives can create new networks and relationships that support employment and self-sufficiency.

PANEL 10: BUILDING AN INTEGRATED WORKFORCE DEVELOPMENT SYSTEM

The challenges facing TANF recipients and the working poor underscore the need for improved integration of the welfare and workforce development systems. This panel discussed the experience of Montgomery County (Dayton), Ohio, and of the State of Florida in consolidating various agencies and service providers into an integrated workforce development system. Panelists also explored the financial, administrative, and policy challenges involved in effective integration.

Brandon Roberts, President, Roberts + Associates, Chevy Chase, Maryland (Moderator)

Successful Service Integration

There are five keys to successful integration, which are derived from extensive experience consulting at the state and local levels:

- Geographic consolidation of catchment areas for different programs and the ability of programs to organize themselves around the labor market
- Agreement concerning who has governance over the programs or how governance is to be shared
- Development of methods for pooling resources from multiple programs such as welfare and workforce development
- Development of a service delivery system wherein multiple providers can operate under one consistent framework
- Joint performance accountability

Stephen Rice, Consultant and Former Director, Department of Human Services, Montgomery County (Dayton), Ohio

Integration of the County Workforce Development System

Integration of the county's workforce development system began in 1996 with the creation of the Montgomery County Department of Job and Family Services (MCDJFS). This is now the lead agency for Medicaid, Food Stamps, Title XX, TANF, WIA, and child support enforcement, all of which are overseen by a single governing board. The following are some highlights of further integration:

- In 1997, the county created a Job Center that features comprehensive employment-related services and a broad network of on- and off-site partners.
- MCDJFS relies on extensive involvement of employers and provides them with a single point of contact for recruitment, customized training, and support services.
- The county opted to use the savings resulting from shrinking TANF rolls to support retention and supportive services available to working parents at up to 300 percent of the poverty line.

One key ingredient to successful integration has been gaining universal buy-in from public agencies, the county government, and community-based organizations. In addition, the county commission allocates $1 million per year from its general fund to ensure that nobody who comes to the Job Center is denied services as a result of not meeting eligibility requirements for any one program.

> "In Montgomery County (Ohio), Medicaid, Food Stamps, Title XX, TANF, WIA, and child support enforcement are all consolidated into a single agency overseen by a single governing board."
>
> — *Stephen Rice, Former Director, Montgomery County Department of Human Services*

Brandon Roberts, Roberts + Associates

Consolidation of Florida's Workforce Development System

Service integration in Florida began in 1996, when the state reduced the number of service delivery areas (SDAs) from approximately 40 to 24. Florida aligned the SDAs with its welfare regions and consolidated its Regional Workforce Boards with its local welfare reform coalitions. Other integration strategies have included:

- CONSOLIDATION OF STATE ADMINISTRATION. In 2000, Florida consolidated management of its workforce development system into two organizations, one providing policy direction (a public/private nonprofit corporation called Workforce Florida, Inc.) and one providing fiscal/program direction (Agency for Workforce Innovation).
- CUSTOMER FOCUS. Florida clarified that employers and workers are both primary customers of the workforce development system, and the state took steps to improve the matching of employers and job-seekers.
- EDUCATION AND TRAINING. Florida changed its workforce development system's focus from "work first" to "work ready," allowing GED and adult education to count as TANF work activities and increasing funds available for incumbent worker training.
- SHARED ACCOUNTABILITY. Florida established common accountability measures for the workforce development and welfare systems, with an emphasis on job retention and wage advancement.

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REACTOR: Anna Solorio, Acting Chief of Staff, California Workforce Investment Board

With the One-Stop system created by WIA legislation, there is a real need for service coordination, both between agencies colocated at the One-Stops and between the One-Stops themselves. In California we seem to have widely varying One-Stop practices, with little uniformity in the type or quality of services being offered.

REACTOR: Virginia Hamilton, Executive Director, California Workforce Association

There appear to be six conditions necessary for successful integration, none of which currently exist in California:

1. Political leadership at the state level — from both the legislative and the executive branches — and at the county level
2. Strong business commitment to using the workforce development system as a resource to meet its labor needs
3. A state Workforce Investment Board that clearly articulates its services and goals in order to engage the business community
4. Comprehensive statewide plans that address labor needs and take into account county-specific conditions
5. Blending of funds
6. A strong policy framework for integration, including an agreement on the vision for workforce development at the state and local levels

PANEL 11: POLICY AND SERVICE DELIVERY ISSUES RELATED TO THE WORKING POOR

There is an emerging consensus that the range of services and benefits available to working poor families is often difficult to learn about, access, and sustain. Underlying the problems of access and awareness, many believe, is the absence of an institution with the mandate to meet the needs of the working poor. This panel discussed the potential for WIA One-Stops — or other organizations — to take on this role.

John Wallace, Vice President, MDRC (Moderator)

The Context for Serving the Working Poor

With a large number of welfare recipients moving into employment — and often leaving welfare — there is an increased focus on services for the working poor. Most of the recent job growth has been in low-wage positions, so it is little surprise that most welfare leavers move into low-wage jobs.

Challenges to serving the working poor include the following:

- Both TANF and WIA are just beginning to create a system for delivering post-employment services.
- Little is known about what works and what does not work.
- While extensive supports exist (for example, EITCs, Medicaid, CHIP), take-up rates are low.

Question to panelists: ***What are the issues involved in building neighborhood work support centers for the working poor and other low-income families?***

Evelyn Ganzglass, Director, Center for Best Practices, National Governors' Association

The WIA system is currently facing two major challenges. First, it has to establish its new role of providing universal services. And, related to this, the WIA system has to change its image so that people realize that it does not just target services based on income. Other issues facing WIA include the following:

- There is no consensus within the workforce development system that it should focus on serving the working poor.
- It is difficult to align the policy infrastructure and the partners at all levels — federal, state, local.
- Accountability measures and data systems are not aligned.

What might a neighborhood work support center look like? It should boost families' income by (1) providing access to various income supports, (2) providing services that help families work more and achieve job market mobility, and (3) helping families accumulate savings, such as through individual development accounts (IDAs).

Nancye Campbell, Senior Research Analyst, Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services

There are several clear needs with respect to improving services for the working poor. We need a better-integrated system that focuses on the needs of the working poor rather than many separate systems. Currently, few if any programs or systems are set up with a priority focus on the needs of low-income workers and their families. From a federal perspective, programs that might help meet their needs are very diverse and have different funding streams and rules, as well as different objectives and missions. Further, in order to better meet needs, we need to know more about the challenges and barriers to success in the labor market that low-income parents face.

Optimally, neighborhood work support centers should be set up such that when someone walks in the door, they can access a broad array of services they may need. The bureaucracy involving different eligibility criteria and specific forms should be as invisible as possible to the client.

> "There needs to be a single system that the working poor know will meet all their social services needs."
>
> *— **Nancye Campbell**, U.S. Department of Health and Human Services*

REACTOR: Bob Garcia, Deputy Director, Operations Branch, Employment Development Department, State of California

EDD is providing universal services and increasing the services available to those who want to move up in the labor market. Also, we are working on building systems that are flexible, such as by providing access to information and services over the Internet.

At the federal level, there are certain barriers to helping the working poor. There needs to be a much broader vision across programs and a movement toward program integration. In addition, the benefits in the unemployment insurance system should be increased, as they have not been adjusted for a long time.

REACTOR: Christine Welsch, Program Officer, Sacramento Employment and Training Agency

The Sacramento Works Career Center (SWCC) system operates 15 One-Stops. Through a collaborative effort, the system has taken One-Stops beyond just employment services to include many of the services that families need to sustain themselves. Services include career assessment and job search, vocational rehabilitation, staffing agency services, Head Start, vocational training, youth programs, nutrition programs, refugee services, housing assistance, life skills training, and energy assistance. The One-Stops also offer computer labs open to the public, homework centers, parenting classes, reentry workshops, and violence prevention classes. Because the system is neighborhood-based and includes many "nonmandatory" partners, we are able to provide enhanced services to the working poor.

The philosophy at our One-Stops is that anyone who walks in the door is a customer. We use a universal application form, and all career center staff participate in cross-training coordinated by a SWCC Training Team.

PANEL 12: THE ROLE OF COMMUNITY COLLEGES

One of the major challenges to the workforce development and welfare systems is expanding career mobility and wage progression opportunities for low-wage workers. Community colleges have the potential to be a major part of the solution, particularly since the receipt of an associate's degree, a vocational certificate, or short-term training is associated with higher earnings. This panel discussed ways in which community colleges can collaborate with public agencies and employers to promote employment and mobility among welfare recipients and other low-income workers.

Robert Ivry, Senior Vice President, MDRC (Moderator)

Community College Models for Serving Low-Wage Workers

Community colleges and their public sector partners face two key challenges: helping low-wage workers to access degree and certificate programs and providing support that leads to higher completion rates. Several strategies have the potential to improve access and retention: state policies with incentives for welfare recipients to combine work and school, use of TANF and other funds to support working students on college campuses, and increased financial aid and outreach.

There are two intriguing community college models for serving low-wage workers:

- LIFE SUPPORTS MODEL. Low-income students receive enhanced support services, financial assistance, and academic supports on campus so they can attend mainstream certificate or degree programs. An example is the Fast Track program at Cabrillo Community College, described on this panel.
- CUSTOMIZED MODEL. Training programs are created for high-growth industries. Employer involvement links students with good jobs upon completion, and students receive academic credit toward other credentials. In California there are numerous programs in the Information Technology area that involve partnerships among employers, community colleges, and community-based organizations.

MDRC is launching a major project, called "Opening Doors," that will involve focus groups with current, former, and potential students at six community colleges to get their insight on how colleges and their partners can improve access and retention.

> "For many individuals, the issue is how to balance work, parenting, and schooling. Low-wage workers often cannot afford to reduce work hours to attend school."
>
> — *Robert Ivry, MDRC*

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Michael Porter, Policy Associate, Washington State Board of Community and Technical Colleges

Welfare Programs Within the Community and Technical College System

The State of Washington provides each community college campus with funds to serve welfare recipients. The state gave each campus considerable flexibility in creating a plan for working with this population but required that the plan receive sign-off from the local social services agency. The colleges increased access by providing a single point of contact for welfare and low-income working parents and by establishing off-hours courses to accommodate working students.

Campuses offer pre-employment and post-employment education and training. On the pre-employment side, participants receive short-term training designed in partnership with employers. On the post-employment side, the colleges offer a worksite-based program to improve the basic skills of entry-level workers.

Other welfare-to-work programs offered by the community colleges include tuition assistance, a work-study program for TANF clients, on-campus child care, and the Families That Work program, which provides training in parenting, job readiness, and basic skills.

John Lederer, Director for Program Development and Employer Outreach, Shoreline Community College, Seattle

Job Ladder Partnership Programs

The Job Ladder Partnership consists of six suburban community colleges in the Seattle area. The partnership provides a coordinated way for these colleges to seek partnerships with businesses and to design services that are highly relevant to the local economy.

The partnership has defined career pathways in four occupational areas: manufacturing, customer relations, information technology, and health services. Within each industry, the partnership maps out paths of advancement that combine education/training and employment. The colleges help participants develop individualized plans that include (1) pre-employment training and (2) a combination of employment and post-employment training intended to help them advance up the career ladder. At Shoreline Community College, individuals who participated in the pre-employment training had average hourly wages of more than $10, a $3 increase over the regional average for TANF clients.

Rock Pfotenhauer, Dean of Instruction, Career Education and Economic Development, Cabrillo College, Aptos, California

Fast Track to Work and the Ladders Project

An effort to get more individuals into certificate programs, the Fast Track to Work program offers 12 months of intensive, full-time instruction designed to lead to good jobs. Key components include:

- MAINSTREAMING. Fast Track is open to anyone interested in rapid entry into the workforce, not just welfare recipients.
- SUPPORTIVE ENVIRONMENT. Financial aid, counseling, child care, and work/study are all administered from the same office.
- FOCUS ON EMPLOYMENT AND ADVANCEMENT. Participants receive retention support and assistance with charting career paths.

The Ladders Project works with local employers to create strategies for career advancement. In addition, the Ladders Project has created an integrated workforce development system consisting of the project's various partners: Cabrillo College, the county welfare office, adult education providers, the Employment Development Department, the Department of Rehabilitation, and several nonprofit organizations.

Policy recommendations emerging from Fast Track to Work and the Ladders Project include (1) integrating workforce development efforts, (2) directing small "seed money" investments to launch local collaborations, and (3) providing financial support for proven collaborative efforts.

REACTOR: Ed Connolly, Dean of Student Services, Career, Child and Community Development Unit, Chancellor's Office, California Community Colleges

The community college system could be the institution that reaches out to low-income workers. There are various ways in which community colleges assist the working poor, such as by waiving fees for low-income individuals. In addition, the community college system provides Pell grants, disabled student services, counseling, and other services.

Because of the community colleges' role in serving low-income Californians, it is important that educators be involved in state-level policy discussions concerning the working poor.

PANEL 13: COMMUNITIES THAT SUPPORT WORK

There is a small but growing number of initiatives seeking to transform low-wage, low-work communities into places of high employment and self-sufficiency. By fostering collaboration among residents, community organizations, and public agencies, these initiatives strive to build the social networks than can help move large numbers of individuals into steady jobs. This panel discussed two such programs — the Neighborhood Jobs Initiative and California Works for Better Health — and some of key principles of community-based initiatives.

Craig Howard, Vice President for Community Initiatives, MDRC (Moderator)

Overview of Community Initiatives

Community initiatives are efforts to increase incomes and self-sufficiency across entire communities by providing large-scale, "place-based" interventions. A primary objective of these initiatives is to identify the specific strategies that are most effective at improving employment within communities.

There are two theories underlying community initiatives: (1) that communities can help support work and improve employment outcomes among residents; and (2) that if employment and income do improve, communities themselves actually *enhance* the impact of these outcomes — for instance, through multiplier effects and heightened community expectations concerning work.

Community initiatives implemented by MDRC include the Neighborhood Jobs Initiative [described below] and the Jobs-Plus Community Revitalization Initiative for Public Housing Families. MDRC is testing the feasibility of community initiatives to determine if it is possible to overcome the operational difficulties involved in creating such initiatives. In addition, MDRC is working to develop a research agenda for community initiatives, including a framework and methodology for measuring their effectiveness.

Frieda Molina, Senior Operations Associate and Director, Neighborhood Jobs Initiative, MDRC

Overview of the Neighborhood Jobs Initiative

Established in 1996 by a consortium of foundations, the Neighborhood Jobs Initiative (NJI) is a place-based community initiative working to increase employment rates in distressed inner-city communities.

MDRC has provided technical assistance to community-based organizations (CBOs) in four cities to build the capacity of their employment programs. This entailed helping CBOs understand local labor markets, the employment needs of local residents, and relevant work incentives and income supports (EITCs, child care subsidies). In addition, NJI has helped build the infrastructure of communities to support work through informal information-sharing networks and neighbor-to-neighbor help (for example, emergency child care).

NJI is currently moving from the feasibility-testing stage into implementation. Early lessons include the following:

- While this type of community initiative is feasible, it is a challenge to get people involved, especially on a long-term basis.
- With the proper capacity-building investments, CBOs are suitable vehicles for community initiatives. CBOs provide personal attention to residents and can broker relationships with public agencies and employers.
- Constant change is inherent in communities. People move, sometimes to take a job. In addition, gentrification exerts great pressure and may displace people.
- Institutional and personal relationships are not always neighborhood-based, so some supports may have to come from outside the community.

Martha Jimenez, Project Manager, California Works for Better Health, San Francisco

Overview of Program Goals and Approach

California Works for Better Health (CWBH), a joint project of The California Endowment and The Rockefeller Foundation, aims to help low-income communities build strong community-based alliances to reduce poverty and improve health. CWBH is working with three to five CBOs in four regions: Fresno, Los Angeles, Sacramento, and San Diego.

The CWBH hypothesis is that socioeconomic status and health are linked — specifically, that increases in the level and quality of employment in neighborhoods will enhance socioeconomic status and translate into improved health outcomes for individuals and communities. In selecting the regions and communities for this project, CWBH combined socioeconomic and health indicators into a single measure: the Socioeconomic Status and Health Index. Using this index, CWBH staff mapped the entire state and identified communities doubly burdened by low socioeconomic status and poor health. These communities, consisting predominantly of racial and ethnic minorities, tended to cluster within larger, more prosperous regions.

During Phase I (the first three years of the project), CWBH is focusing on building the capacity of CBOs, increasing resident leadership and involvement, and creating pilot projects and regional strategies to improve health and employment. During Phase II (which will last 7 to 10 years), the project will implement community-designed work/health interventions and measure changes in health and employment in CWBH communities.

> "CWBH seeks to improve health in low-income communities by building their capacity to connect with regional economic and employment opportunities."
>
> — *Martha Jimenez, California Works for Better Health*

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CLOSING PLENARY PANEL: WHAT LIES AHEAD FOR THE WORKING POOR AND HARD-TO-PLACE?

California's success at meeting the needs of the working poor and hard-to-place will depend in large part on how state policymakers address the most urgent issues facing the welfare and workforce development systems. In this concluding session, moderated by Craig Howard, Vice President for Community Initiatives at MDRC, panelists reflected on these systems' major challenges in moving forward as well as on the principles and priorities that should guide future policy decisions.

Honorable Dion Aroner, Assemblymember and Chair, Human Services Committee, California State Assembly

CalWORKs is the best welfare legislation in the country, but it is still missing some pieces. Welfare reform has been declared a success because the caseload has shrunk dramatically, yet most CalWORKs leavers earn poverty-level wages.

We need to address two questions: How do you help those still on welfare — the hard-to-place? How do we help the working poor? For example, we need to move away from the work-first model by integrating adult basic education and instruction in English as a Second Language into welfare reform.

As more CalWORKs participants approach time limits, the demand for community service jobs will increase. We need to create new community service jobs programs and, in the process, answer a variety of questions: Should community service jobs be wage-based? What is the role of case management with regard to community service? Do community service jobs provide marketable skills? How do we serve community service participants who still cannot get work?

The following are some other strategies for improving CalWORKs and for meeting the needs of the working poor:

- Welfare departments should be linked with local workforce development efforts. The state needs to use the WIA system more effectively and ensure that it is coordinated with welfare. The state Workforce Investment Board needs to provide more guidance in this respect.
- We need to embrace lifelong education if we expect to lift families out of poverty. To this end, financial aid for nontraditional students should be expanded.
- We should support a new endeavor by the Employment Training Panel and the Employment Development Department: "Career Ladders," which will give skills upgrade training to the working poor.
- Job placement and training should respond to the employment and skills needs of the business community.
- Increased funding should be provided for individual development accounts (IDAs).

Underlying all these efforts is the need for California to advocate at the federal level for maintaining the flexibility that TANF currently gives to the states.

> "Public assistance programs need to get people to a place that is better than just one paycheck away from going back on welfare"
>
> — *California Assemblymember* ***Dion Aroner***

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David Maxwell-Jolly, Deputy Secretary, California Health and Human Services Agency

In general, the state has made outstanding progress in recent years, in terms of both reducing the TANF caseload and expanding access to supports like Medi-Cal and child care subsidies. Several important issues now lie before us.

First, there is the question of TANF reauthorization in 2002. This provides some opportunities for mischief among those who would reduce funding. We need to make the case for a "steady as she goes" approach. For instance, MDRC's research shows that income supports result in improved child development outcomes, so these supports should be continued.

Second, there is the issue of people whom we have not been able to engage through work-first strategies. In the past we took the "starter bread" approach of just pushing people into the job market. Now, we know that retention and advancement are the keys, and we need to study different interventions.

As we move forward, our efforts should follow these general principles:

- The financial commitment to CalWORKs should be preserved. We need to sustain TANF and Maintenance of Effort (MOE) grant levels.
- Broader community-based approaches should be explored.
- A first line of support should be identified for people returning to the system. Should it be CalWORKs? Unemployment insurance? This is a critical policy question.
- Programs must be run efficiently and creatively with a true focus on the bottom-line objective: supporting families as they make transitions in their lives. For instance, Medi-Cal and Food Stamp benefits should be made more accessible.

> "A key challenge for CalWORKs is reaching those we have not been able to engage, and some counties have already taken the next step beyond work first."
>
> — ***David Maxwell-Jolly**, California Health and Human Services Agency*

REACTOR: Virginia Hamilton, Executive Director, California Workforce Association

One of the major priorities in serving the working poor should be building connections with the business community. This involves running programs in a new way and accessing people through their places of employment.

Some states are spending a lot of money on noncash recipients. In California, we need to look at how various types of funding can be woven together. Congress envisioned WIA as a way of tying together welfare funds, employment development funds, and vocational rehabilitation funds, but this has not happened yet. The WIA One-Stops right now are essentially the Job Training Partnership Act (JTPA) system with a different name.

REACTOR: Maureen Borland, Director, San Mateo County Human Services Agency

At the local level, we are concerned with helping anyone who needs employment-related assistance, regardless of categorical eligibility for specific programs. The state should take a consolidated approach to establishing employment-related policies and expected outcomes, recognizing that which department administers the programs is of little concern to practitioners at the local level. Welfare reform has moved a large number of people into employment, and they need additional assistance and skill development to meet our workforce demands. We need to create an approachable, seamless way of helping those who need or seek employment-related services.

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Conclusion

Meeting the needs of California's working poor and hard-to-place requires the welfare and workforce development systems to work together in new ways and also to establish deeper relationships with systems such as education (particularly the community colleges), child support, public health, transportation, and others. The flexibility granted to states by federal welfare reform legislation, along with WIA's emphasis on state and local management, affords California considerable latitude in designing programs to address the obstacles that stand between low-income families and self-sufficiency.

The "Beyond Welfare and Work First" conference attempted to provide some guidance for California's decisionmakers by sharing the latest research on proven and promising strategies for promoting sustained work, addressing barriers to employment, and increasing family income. This research underscores the benefits to low-income families of approaches such as financial work incentives, aggressive outreach to potential recipients, post-employment services and follow-up, and integrated services for individuals facing multiple barriers to employment.

By providing a context in which policymakers, practitioners, and researchers could discuss the future direction of California's welfare and workforce development systems, the three-day conference also helped highlight some of the most urgent needs with regard to serving the working poor and hard-to-place: a single or closely coordinated system dedicated to serving the working poor, service delivery approaches that improve awareness of and access to programs and benefits, increased linkages between welfare-to-work programs and the employer community, improved integration of funding streams, and increased access to postsecondary education. This array of needs helps form a framework for California's future efforts to serve low-income families and also suggests an ongoing research agenda that can support and inform these efforts.

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